

Citizens' Utility Ratepayer Board

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HOUSE TAXATION COMMITTEE **H.B. 2843**

Testimony on Behalf of the Citizens' Utility Ratepayer Board
By David Springe, Consumer Counsel
March 9, 2004

Chairman Edmonds and members of the committee:

Thank you for this opportunity to offer testimony on H.B. 2843. The Citizens' Utility Ratepayer Board is a volunteer Board appointed by the Governor to the advocate for residential and small commercial utility ratepayers before the Kansas Corporation Commission and in the Kansas Courts. CURB also takes an active role in the legislative process on issues that will impact residential and small commercial customers.

I am here today to support H.B. 2843 and to ask you to consider an amendment aimed at providing an incentive to Kansas homeowners to improve the energy efficiency of their homes and in the process decrease their utility bills. As you are aware, the price of natural gas this winter has been near a historic high. For Kansas consumers this has meant high home heating bills this winter. You may have noticed this on your own home heating bill and may have received calls from your constituents about this issue.

Unfortunately, it does not look like the price of natural gas will be lower in the near future. These high natural gas prices will also cause electric rates to increase over time.

Recognizing that we cannot change the price of natural gas, CURB has spent a considerable amount of time in the last year warning consumers about high natural gas prices and encouraging consumers to conserve energy. Consumers can lower their heating bills through simple steps, such as lowering their thermostat, closing off unused rooms, adding insulation and caulking and covering windows. However, if the house has an older inefficient furnace these simple measures may only provide limited relief.

It is my belief that many homeowners would be interested in upgrading their insulation, furnace or air conditioner if some financial help could be provided. Furnaces and air conditioners are big-ticket items and may prove difficult for many average homeowners to afford. Providing a tax credit may prove to be the incentive these homeowners need to make this investment. Upgrading from an old inefficient furnace to a newer, more efficient furnace will help keep home heating bills affordable for many Kansans. Lowering heating bills through increased conservation will free up income now reserved by homeowners to pay for utility bills. Further, an up-to-date furnace or air conditioner enhances the value of the home, which is consistent with the general intent of this bill.

I encourage you to make energy conservation a policy priority, to provide incentives that make it easier for Kansas homeowners to chose enhanced energy conservation and to encourage all Kansans to make the wise use of our natural resources. Investing in energy conservation not only benefits the homeowner but also benefits the businesses that sell and install insulation, furnaces and air conditioning units. An investment in energy conservation is good for Kansans and is good for Kansas.

I ask that the Committee consider the attached amendment. The amendment to H.B. 2843 is drafted to add “improvement of energy efficiency” to the type of qualified expenditures eligible for the proposed tax credit. Specifically the improvements of energy efficiency are through the addition of insulation or through the replacement of the primary heating and ventilation, or air conditioning unit in the home.